GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4233
ANSWERED ON:11.08.2017
Enhancing Stake of LIC in Companies
Vanaroja Smt. R.

Will the Minister of FINANCE be pleased to state:

(a) whether the Insurance Regulatory and Development Authority of India (IRDAI) is considering to allow insurers to raise stake in companies beyond 15 per cent and if so, the details thereof and reasons therefor;

(b) whether this move may allow Life Insurance Corporation of India (LIC) to participate in the Government's sale of shares in blue chip companies held by the Specified Undertaking of Unit Trust of India (SUUTI) and if so, the details thereof;

(c) whether there is a lot of global interest in India's insurance sector and if so, the details thereof; and

(d) whether the Government's stake held by SUUTI is collectively valued at almost Rs. 62,600 crore, more than the Rs. 56,500 crore budgeted from disinvestment in the current financial year and if so, the details thereof?

Answer

Minister of State in the Ministry of Finance

(a) and (b): As per Regulation 9 of Insurance Regulatory and Development Authority of India (Investment) Regulations 2016, an insurer can invest not more than 15% in any single investee company, if the investment assets of the insurer are Rs.2,50,000 crore or more.

However, where an insurer applies to Insurance Regulatory and Development Authority of India (IRDAI) on a case to case basis, justifying the need for investing more than the exposure specified in Regulation 9 of the said Regulations, the Authority may consider and permit such additional exposure. IRDAI has approved LIC's additional exposure into Equity upto 2% in ITC Ltd and upto 5% in L&T Limited from Specified Undertaking of Unit Trust of India (SUUTI).

(c): Through Insurance Laws (Amendment) Act, 2015, the foreign investment limit in insurance sector was increased from 26% to 49%. Post increase in the limit, the total foreign investment received in the country in the insurance sector is Rs. 24,136.54 crore, as on date.

(d): Total value of the Government's stake held by SUUTI is around Rs.51,110 crore based on the current prevailing prices on the Stock Exchanges as on 08.08.2017.